

# **Virginia Department of Medical Assistance Services:**

## **SFY 2023 Nursing Facility Value-Based Purchasing Methodology**



## Table of Contents

**Executive Summary** ..... 3

    Program Components ..... 3

    Performance Measure Tiers..... 3

    Payment Timing and Structure ..... 4

**Project Overview**..... 5

**Stakeholder Engagement** ..... 5

**Program Eligibility** ..... 6

**Performance Measures** ..... 6

**Data Collection**..... 7

**Calculating Resident Days** ..... 7

**Performance Evaluation Period** ..... 8

**Baseline Data Periods**..... 8

**NF VBP Payment Mechanics** ..... 8

    Components of Total NF VBP Payment..... 8

*Performance Measure Weights* ..... 9

*Performance Measure Tiers & Payment Calculation* ..... 9

*Performance Measure Improvement* ..... 11

*Quality of Care Investment Payments*..... 13

**VBP Program Payment Distributions** ..... 14

    Payment Responsibility ..... 14

    Payment Timing ..... 14

**DMAS Consideration of Final Results**..... 15

**Appendix: Combined Specification Sheet for SFY 2023** ..... 16

**Appendix: Example of Facility Level NF VBP Attainment and Improvement Payment Calculations**..... 17

# SFY 2023 NF VBP Program Methodology

## Executive Summary

In 2021, the Virginia General Assembly directed the Department of Medical Assistance Services (DMAS) to establish a nursing facility (NF) Value-Based Purchasing (VBP) program designed to improve the quality of care furnished to Medicaid members. This document details the NF VBP program methodology for SFY 2023.

### Program Components

In SFY 2023, payments made under the NF VBP program will consist of three parts shown in Exhibit A.

#### Exhibit A: The Components of the Total NF VBP Payment



The size of PM payments under the program are contingent on NF performance across six measures addressing staffing and avoidance of negative care events. QCI payments are not contingent upon performance. All payments are adjusted to account for the volume of Medicaid member days at a given NF. Per enacting budget language, in the first year of the program, funds are split evenly between PM and QCI payments.<sup>1</sup>

**Table 1: NF VBP SFY 2023 Program Components and Measures**

NF VBP Program Components	PM Weight	NF VBP Weight	SFY 2023 Funding (Approx.)
Quality of Care Investment	N/A	50%	\$46.75M
Performance (Attainment and Improvement)	100%	50%	\$46.75M
<i>Days without Minimum RN hours</i>	20%	10%	\$9.35M
<i>Total nursing hours per resident day (RN + LPN + nurse aide hours)</i>	20%	10%	\$9.35M
<i>Number of hospitalizations per 1,000 long-stay resident days</i>	15%	7.5%	\$7.01M
<i>Number of outpatient ED visits per 1,000 long-stay resident days</i>	15%	7.5%	\$7.01M
<i>Percentage of long-stay high risk long-stay residents with pressure ulcers</i>	15%	7.5%	\$7.01M
<i>Percentage of long-stay residents with a UTI</i>	15%	7.5%	\$7.01M
<b>Total NF VBP Program</b>	<b>N/A</b>	<b>100%</b>	<b>\$93.50M</b>

### Performance Measure Tiers

Under the PM portion of the model, NFs can earn funds through both attainment on individual measures and improvement over prior years. For the attainment portion of PM payments, NFs earn funds through performance that falls into one of three categories: Fair, Better, and Best. If the NF falls below the minimum thresholds of the Fair category, it will not receive any attainment funds for a particular measure. Table 2 illustrates the performance and improvement thresholds associated with each measure.

<sup>1</sup> Item 313 Section LLLLL.2.b. (DMAS) Medicaid Program Services. HB1800 - Chapter 552. (2021). Virginia's Legislative Information System. <https://budget.lis.virginia.gov/item/2021/2/HB1800/Chapter/1/313/>

# SFY 2023 NF VBP Program Methodology

**Table 2: NF VBP SFY 2023 PM Attainment and Improvement Thresholds**

PM Tiers	Fair Thresholds	Better Thresholds	Best Thresholds	Improvement Thresholds
Days without Minimum RN Hours	13.00 – 16.00	5.00 – 12.00	0.00 – 4.00	≥5%; Up to the Best tier*.
Total Nurse Staffing Hours per resident day (RN, LPN, CNA) – case-mix adjusted	3.08 – 3.19	3.20 – 3.30	3.31+	≥0.5%; Up to the Best tier*.
Number of hospitalizations per 1,000 long-stay resident days	1.36 – 1.75	1.00 – 1.35	0 – 0.99	≥5%
Number of outpatient ED visits per 1,000 long-stay resident days	0.64–0.95	0.39 – 0.63	0 – 0.38	≥5%
Percentage of long-stay high-risk residents with pressure ulcers	8.06– 10.92	5.43 – 8.05	0 – 5.42	≥5%
Percentage of long-stay Resident with a Urinary Tract Infection (UTI)	2.39– 4.36	1.31 – 2.38	0 – 1.30	≥5%

\*NF can earn improvement when they move into a higher tier than previously held.

## Payment Timing and Structure

Due to regulatory, budget, and data availability constraints associated with the program, DMAS will distribute NF VBP payments in lump sums at three different points throughout the year as shown in Exhibit B.

### Exhibit B: Payment Timeline for the PM and QCI Payments

#### QCI Payments

**Data Collection Period:**  
August 2021 – July 2022

**Timing of Payment:**  
December 2022

50% of Total Program  
Payment

#### PM Payment 1

(Staffing, UTI, Pressure  
Ulcer)

**Data Collection Period:**  
Oct. 2021 – Sept. 2022

**Timing of Payment:**  
February 2023

35% of Total Program  
Payment

#### PM Payment 2

(ED, Hospital Utilization)

**Data Collection Period:**  
Oct. 2021 – Sept. 2022

**Timing of Payment:**  
May 2023

15% of Total Program  
Payment

## Project Overview

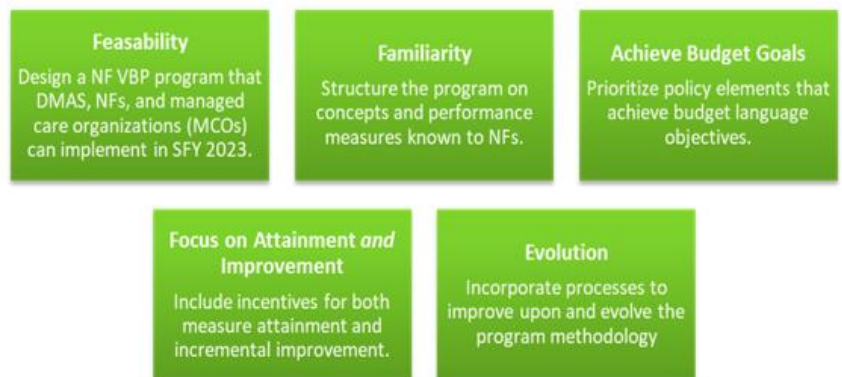
In 2021, the Virginia General Assembly directed DMAS to establish a NF VBP program. This program seeks to improve the quality and outcomes of care furnished to Medicaid members by enhancing performance accountability in the areas of staffing and avoidance of negative care events. To achieve this goal, the Budget provides approximately \$93.5 million in enhanced funding for facilities that meet or exceed designated performance and improvement thresholds associated with the provision of high-quality care to Medicaid members.<sup>2</sup>

Per the enacting Budget language, DMAS must establish the methodology and timing of the NF VBP program by December 31, 2021, and implement the program no later than July 1, 2022. As part of this effort, DMAS has contracted with Mercer Government Human Services Consulting (Mercer), as part of Mercer Health & Benefits LLC, to support the design, implementation, and maintenance of key components of the NF VBP program. This document provides the NF VBP program methodology for SFY 2023, which includes the period of July 1, 2022 through June 30, 2023, and is the first year of the NF VBP program. For SFY 2023, 50% of NF VBP funding will be distributed to facilities as Quality of Care Investment (QCI) payments to support functions, staffing, and other efforts necessary to enhance the quality of care furnished to Medicaid members. The remaining 50% of the funding will be distributed based on NF performance on specified criteria. In years two and three of the program, the percentage of the funding connected to NF performance attainment and improvement will increase.

## Stakeholder Engagement

DMAS convened a wide-range of NF stakeholders to consult on development of the NF VBP model. This group consists of NF executives, NF association representatives, Aging Services representatives, Medicaid MCOs and MCO association representatives, hospital association representatives, member advocacy via the State Long-Term Care Ombudsman, Virginia's Quality Improvement Organization (QIO), and the Virginia Veterans Administration. In addition, DMAS identified participants for ad hoc subgroups specifically devoted to financial and performance measurement expertise to be consulted as needed. Stakeholder engagement began in summer 2021 with meetings held one-to-two times per month, in addition to periodic subgroup meetings as needed for select topics. DMAS also held a public listening session to solicit feedback from NF staff, care coordinators, residents, families and others. DMAS solicited stakeholder feedback on key aspects of the model such as, but not limited to, timing and methods of payment, measure selection, measure weights, and measure performance thresholds. DMAS based the NF VBP design and stakeholder engagement process on several key principles shown in Exhibit C.

### Exhibit C: DMAS NF VBP Design Principles



DMAS will convene stakeholders at least annually in the first and second year of the program to review progress and discuss any necessary updates or modifications, including, but not limited to, timing of payments,

<sup>2</sup> Item 313#27c (DMAS) Continue Nursing Home Per Diem Payment & Begin Value-based Purchasing Program. HB1800 – Conference Report. (2021). Virginia's Legislative Information System.

<https://budget.lis.virginia.gov/amendment/2021/2/HB1800/Introduced/CR/313/27c/> & Item 313 Section LLLLL.2.a.-c.

(DMAS) Medicaid Program Services. HB1800 - Chapter 552. (2021). Virginia's Legislative Information System.

<https://budget.lis.virginia.gov/item/2021/2/HB1800/Chapter/1/313/>

# SFY 2023 NF VBP Program Methodology

performance metrics, and threshold determinations.<sup>3</sup> DMAS will continue working with stakeholders as part of implementation and feedback efforts related to NF VBP.

## Program Eligibility

All NFs participating in Medicaid managed care will be eligible for NF VBP program payments. NFs shall be defined as Provider Types 010 (Skilled Nursing Home) or 015 (Intermediate Care Nursing Home). NFs who do not participate in managed care but previously received enhanced per diem payments as part of COVID-19 response support and assistance are also eligible for the NF VBP program.

## Performance Measures

To prioritize simplicity and reduce administrative burden, DMAS selected PMs that are already standard reporting for Virginia NFs through the Centers for Medicare & Medicaid Services' (CMS') Minimum Data Set (MDS), Nursing Home (NH) Compare claims-based quality measures and Payroll Based Journal (PBJ) NF staffing measures. Utilizing these established measure sources allows Virginia NFs to participate in the NF VBP program without additional reporting requirements.

For SFY 2023, DMAS, in consultation with the referenced stakeholders, selected six PMs that aligned with DMAS and the General Assembly's quality initiatives.

**Table 3: SFY 2023 Nursing Facility VBP Performance Measures**

Performance Measure	Description	Domain	NF VBP Performance Weight
<b>Days without Minimum RN hours<sup>4</sup></b>	Facility reported RN staffing hours each day within a quarter. Required standards addressed 42 CFR§ 483.35(b). <sup>5</sup>	Staffing	20%
<b>Total nursing hours per resident day (RN + LPN + nurse aide hours) – case-mix adjusted<sup>6</sup></b>	Total nurse staffing hours per resident day within a quarter, adjusted for case-mix.	Staffing	20%

<sup>3</sup>Item 313 Section LLLLL.2.a.-c. (DMAS) Medicaid Program Services. HB1800 - Chapter 552. (2021). Virginia's Legislative Information System. <https://budget.lis.virginia.gov/item/2021/2/HB1800/Chapter/1/313/>

<sup>4</sup> Based on facility reported total RN staffing hours submitted to CMS within the required 45-day window following the end of the quarter, the count of days with less than 7.5 hours of RN staffing. The daily requirement is considered met at 7.5 RN hours per day, as CMS instructs NFs to not report the required 0.5-hour meal break. For purposes of the DMAS NF VBP Program, performance will be evaluated by combining four quarters of data to annualize the measure. The data can be found in the Payroll Based Journal Daily Nurse Staffing File in the PBJ system. These data are submitted quarterly and are due 45 days after the end of each reporting period. Only data submitted and accepted by the deadline are used by CMS for staffing calculations. DMAS will collect and aggregate data from the PBJ Daily Nurse Staffing File. CMS conducts audits of nursing homes to verify the data submitted and to ensure accuracy. <https://data.cms.gov/quality-of-care/payroll-based-journal-daily-nurse-staffing>

<sup>5</sup> Code of Federal Regulations, 42 CFR§ 483.35(b) <https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-G/part-483/subpart-B/section-483.35>

<sup>6</sup> Data for the total nursing hours per resident day case-mix adjusted measure is found in the NH Provider Info File.

PQDC. (2021). <https://Data.Cms.Gov/Provider-Data/Dataset/4pq5-N9py>. <https://data.cms.gov/provider-data/dataset/4pq5-n9py>

# SFY 2023 NF VBP Program Methodology

Performance Measure	Description	Domain	NF VBP Performance Weight
<b>Number of Hospitalizations per 1,000 Long-Stay Resident Days<sup>7,8</sup></b>	Number of unplanned inpatient admissions or outpatient observation stays that occurred during a one-year period among long-stay residents.	Avoidance of Negative Care Events	15%
<b>Number of Outpatient Emergency Department Visits per 1,000 Long-Stay Resident Days<sup>9</sup></b>	Number of all-cause outpatient ED visits occurring in a one-year period while the individual is a long-term NH resident.	Avoidance of Negative Care Events	15%
<b>Percentage of long-stay High-Risk Residents with Pressure Ulcers<sup>10</sup></b>	Percentage of long-stay, high-risk residents with Stage II-IV or unstageable pressure ulcers.	Avoidance of Negative Care Events	15%
<b>Percentage of long-stay Residents with a Urinary Tract Infection (UTI)<sup>11</sup></b>	Percentage of long-stay residents who have had a UTI within the past 30 days.	Avoidance of Negative Care Events	15%

## Data Collection

A combination of existing data sources currently used by CMS' Nursing Home Five-Star Quality Rating will be used to evaluate performance on the NF VBP PMs. These data sources include CMS' nursing home provider information, nursing home claims-based quality measures, nursing home MDS based quality measures, and PBJ staffing data. Utilizing these data sources does not require additional reporting, data collection, or submission on the part of participating NFs. The chosen measures, data collection, and reporting are managed by CMS and therefore the methodology for calculation and collection may change at CMS' discretion. The NF VBP program will evaluate eligible facilities' performance-based on the applicable methodology for PMs based on available data.

## Calculating Resident Days

For all NFs participating in Medicaid managed care, resident days for each facility will be based on their eligible Medicaid days using managed care encounter records submitted to DMAS' Enterprise Data Warehouse Solution (EDWS) system. DMAS will use resident days in the calculation of payment levels under the program, as discussed below.

<sup>7</sup> Long-stay resident quality measures show the average quality of care for certain care areas in a nursing home for those who stayed in a nursing home for 101 days or more.

<sup>8</sup> Data for the Number of Hospitalizations per 1,000 Long-Stay Resident Days is found in the NH Quality Measure MDS Claims File PQDC - MDS Quality Measures. (2021). <https://Data.Cms.Gov/Provider-Data/Dataset/Djen-97ju>. <https://data.cms.gov/provider-data/dataset/djen-97ju>

<sup>9</sup> Data for the Number of Outpatient Emergency Department Visits per 1,000 Long-Stay Resident Days is found in the NH Quality Measure MDS Claims File PQDC - MDS Quality Measures. (2021). <https://Data.Cms.Gov/Provider-Data/Dataset/Djen-97ju>. <https://data.cms.gov/provider-data/dataset/djen-97ju>

<sup>10</sup> Data for the Percentage of long-stay High-Risk Residents with Pressure Ulcers is found in the NH Quality Measure MDS Claims File PQDC - MDS Quality Measures. (2021). <https://Data.Cms.Gov/Provider-Data/Dataset/Djen-97ju>. <https://data.cms.gov/provider-data/dataset/djen-97ju>

<sup>11</sup> Data for the Percentage of long-stay Residents with a Urinary Tract Infection (UTI) is found in the NH Quality Measure MDS Claims File PQDC - MDS Quality Measures. (2021). <https://Data.Cms.Gov/Provider-Data/Dataset/Djen-97ju>. <https://data.cms.gov/provider-data/dataset/djen-97ju>



# SFY 2023 NF VBP Program Methodology

For the limited number of NFs eligible for the NF VBP program, but that do not participate in managed care, resident days for each facility will be based on fee-for-service paid Medicaid claims. Days are calculated by taking the header end date of service and subtracting the header first day of service, and adding 1 (for the discharge date). If this calculation is 0 (because the header start and end dates are the same date), then the days count is set to 1.

## ***Performance Evaluation Period***

SFY 2023 performance-based payments will consider both attainment on the specified measures, as well as improvement from the baseline period. In the initial year of the NF VBP program, the PM performance evaluation period will run from October 2021 through September 2022. This 12-month period from October through September will also serve as the PM performance evaluation window in subsequent years.

## ***Baseline Data Periods***

A baseline data period will be used to set performance targets that DMAS plans to keep consistent for the first three years of the program to determine the level of attainment funds earned by each facility. In the SFY 2023 methodology, the baseline period is CY 2020 for all avoidance of negative care event measures and the total case-mix adjusted staffing measure. For the Days without Minimum RN hours staffing measure, the baseline period will be CY 2019 due to a CMS suspension of data collection on this measure in 2020 and subsequent impact on the results in that year.

DMAS will also use this baseline data period to evaluate year-over-year improvement for applicable metrics in SFY23. In future years, improvement will be determined against the previous performance evaluation period.

## **NF VBP Payment Mechanics**

### ***Components of Total NF VBP Payment***

As depicted in Exhibit D, DMAS will derive payment under the NF VBP program based on several components. These components include (1) earned attainment funds for each measure, (2) earned improvement funds for applicable measures (if available), (3) Quality of Care Investments, and (4) the number of applicable Medicaid days for the facility.

#### **Exhibit D: Components of the NF VBP Payment**





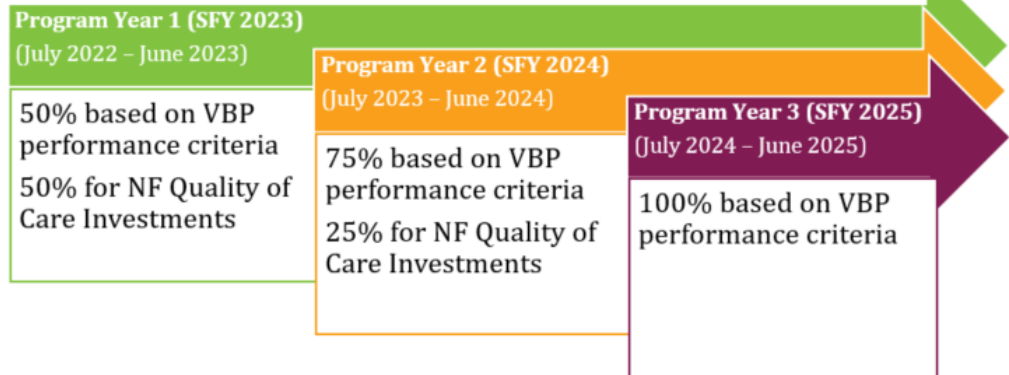
# SFY 2023 NF VBP Program Methodology

As depicted in Exhibit E, DMAS will gradually phase out QCI payments over the first three years of the program.

## Performance Measure Weights

PM weights define the total dollar amount allocated to each PM based on available funding for the program. Table 4 demonstrates the distribution of total funds across the PMs and QCI for SFY 2023. Staffing measures account for 40% of the total available funds for the PM component of the program. Measures for avoiding negative care events account for the remaining 60% of performance funds.

### Exhibit E: NF VBP Program Payment Progression



**Table 4: SFY 2023 NF VBP PM Weights**

Components of VBP Program	Weight	Total SFY 2023 Funding
Quality of Care Investment	50%	\$46.75M
Performance (Attainment and Improvement)	50%	\$46.75M
<i>Days without Minimum RN hours<sup>12</sup></i>	20%	\$9.35M
<i>Total Nurse Staffing Hours per Resident Day (RN, LPN, CNA) – case-mix adjusted</i>	20%	\$9.35M
<i>Number of hospitalizations per 1,000 long-stay resident days</i>	15%	\$7.01M
<i>Number of outpatient ED visits per 1,000 long-stay resident days</i>	15%	\$7.01M
<i>Percentage of long-stay High-Risk Residents with Pressure Ulcers</i>	15%	\$7.01M
<i>Percentage of long-stay Resident with a Urinary Tract Infection (UTI)</i>	15%	\$7.01M
<b>Total NF VBP Program</b>	<b>100%</b>	<b>\$93.5M</b>

## Performance Measure Tiers & Payment Calculation

NFs will have the opportunity to earn PM attainment funds by achieving various levels of performance against designated metrics. Performance tiers were established by modeling CY 2020 data for all performance measures except the Days without Minimum RN hours staffing measure, which uses 2019 facility data.<sup>13</sup> DMAS will use the 25<sup>th</sup>, median, and 75<sup>th</sup> percentile values to set the thresholds for all measures (except the Days without Minimum RN hours measure) for the Fair, Better and Best performance tiers. The performance tiers for the Days without Minimum RN hours staffing

<sup>12</sup> The daily requirement is considered met at 7.5 RN hours per day, as CMS instructs NFs to not report the required 0.5-hour meal break.

<sup>13</sup> 2019 data is used for Days without Minimum RN hours as reporting was suspended in Q1 2020 due to the COVID-19 pandemic and subsequently impacted results in that year.

# SFY 2023 NF VBP Program Methodology

measure were set using the current Nursing Home Compare technical specifications for RN staffing. DMAS plans to keep the performance tier values constant for the first three years of the program. However, adjustments may occur to tiers and/or weights in subsequent program years based on evaluation by DMAS and the stakeholder group.

NFs can earn increasing levels of PM payment for higher levels of performance. Table 5 below depicts the PM level thresholds associated with each level of performance for each measure and Table 6 illustrates the per diem level equivalent each NF can earn through achieving various levels of performance on designated measures. NFs can earn the maximum per diem award for attainment through performance levels in the Best performance tier. Partial awards are made for performance in lower tiers (Better and Fair). As depicted in Exhibit F, attainment in the Better tier will result in payment of 75% of the maximum per diem award, and 50% of the maximum in the Fair tier. Performance below the minimum established performance tier (Fair) will not earn attainment funds. Each PM is evaluated independently for each eligible NF. Tables 5 and 6 outline the performance tier thresholds and per diem awards per measure.

## Exhibit F: SFY 2023 NF VBP Performance Measure Tiers

(Note: Days without Minimum RN hours tiers determined relative to federal requirements<sup>14</sup>)

<u>Best</u> 100% PM per diem earned 75 <sup>th</sup> percentile +	<u>Better</u> 75% PM per diem earned Median – 75 <sup>th</sup> percentile	<u>Fair</u> 50% PM per diem earned 25 <sup>th</sup> percentile – Median	<u>Below</u> 0% PM per diem earned Below 25 <sup>th</sup> percentile
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Table 5: SFY 2023 NF VBP Performance Measure Tier Thresholds<sup>15</sup>

Domain	Performance Measure	Fair Threshold	Better Threshold	Best Threshold
Staffing	Days without Minimum RN Hours	13.00 – 16.00	5.00 – 12.00	0.00 – 4.00
	Total Nurse Staffing Hours per resident day (RN, LPN, CNA) – case-mix adjusted	3.08 – 3.19	3.20 – 3.30	3.31+
Avoidance of Negative Care Events	Number of hospitalizations per 1,000 long-stay resident days	1.36 – 1.75	1.00 – 1.35	0 – 0.99
	Number of outpatient ED visits per 1,000 long-stay resident days	0.64–0.95	0.39 – 0.63	0 – 0.38
	Percentage of long-stay High-Risk Residents with Pressure Ulcers	8.06– 10.92	5.43 – 8.05	0 – 5.42

<sup>14</sup> Days without Minimum RN hours tiers are adjusted outside of the 25<sup>th</sup>, median and 75<sup>th</sup> percentiles to compliment the CMS staffing hour requirements.

<sup>15</sup> Values are not rounded prior to threshold designation. If a measure value is exactly equivalent to a threshold value, it is determined to be within the set threshold. A value is not determined to be within a tier until that value is in excess of the minimum threshold for that tier. (i.e. if a facility has Total Nurse Staffing Hours per resident day (RN, LPN, CNA) – case-mix adjusted of 3.3099, this facility would fall within the Better threshold).

# SFY 2023 NF VBP Program Methodology

Domain	Performance Measure	Fair Threshold	Better Threshold	Best Threshold
	Percentage of long-stay Resident with a Urinary Tract Infection (UTI)	2.39– 4.36	1.31 – 2.38	0 – 1.30

**Table 6: SFY 2023 NF VBP Performance Measure Per Diem Award Based on Tiers**

Domain	Performance Measure	Fair	Better	Best
		Per Diem Award	Per Diem Award	Per Diem Award
<b>Staffing</b>	Days without Minimum RN Hours	\$1.05	\$1.58	\$2.10
	Total Nurse Staffing Hours per resident day (RN, LPN, CNA) – case-mix adjusted	\$1.05	\$1.58	\$2.10
<b>Avoidance of Negative Care Events</b>	Number of hospitalizations per 1,000 long-stay resident days	\$0.80	\$1.20	\$1.60
	Number of outpatient ED visits per 1,000 long-stay resident days	\$0.80	\$1.20	\$1.60
	Percentage of long-stay High-Risk Residents with Pressure Ulcers	\$0.80	\$1.20	\$1.60
	Percentage of long-stay Resident with a Urinary Tract Infection (UTI)	\$0.80	\$1.20	\$1.60

To calculate the full attainment award earned by a facility for a designated measure, multiply the per-diem attainment award by the number of applicable Medicaid days in the performance period (Exhibit G).

## Exhibit G: NF VBP Performance Measure Attainment Award Calculation



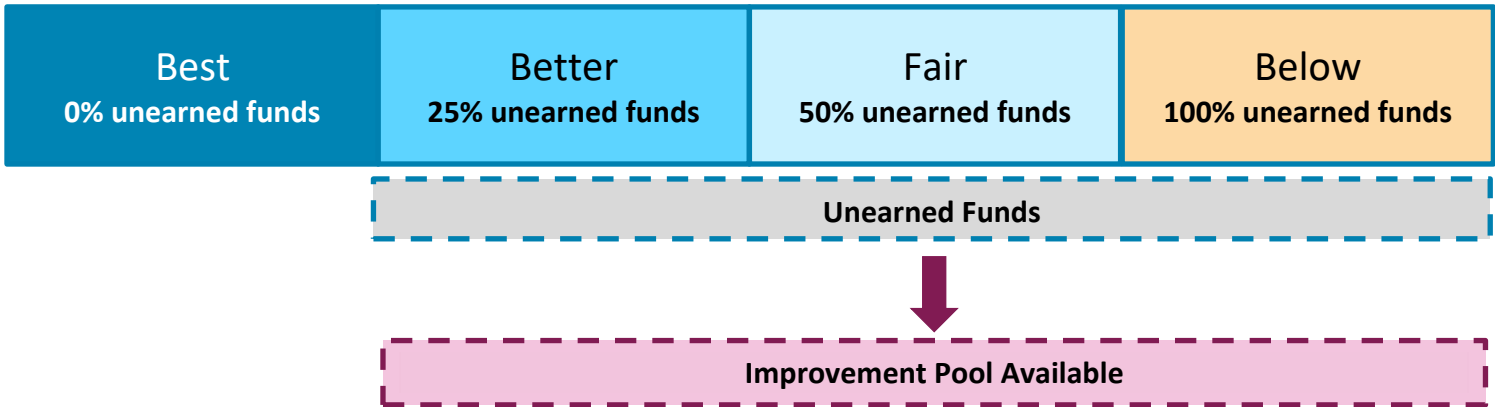
## Performance Measure Improvement

After determining all PM attainment award amounts, the NF VBP program creates an “improvement pool” out of any remaining, unearned funds. The improvement pool is the sum of the remaining funds from facilities that did not earn any attainment funding or attained in the Better and Fair tiers (i.e. less than the maximum attainment per diem for a given PM), see Exhibit H. The improvement pools are created on a measure by measure basis.

While an unlikely scenario, if all facilities attain at the Best tier for a specific PM, there would be no improvement pool for that PM because the facilities would have already earned all funding available for that PM.

# SFY 2023 NF VBP Program Methodology

**Exhibit H: NF VBP Performance Measure Improvement Pool Mechanics**



Facilities that meet or exceed a PM improvement target are eligible for improvement awards, pending pool availability. Improvement award amounts are dependent on each measure's available improvement pool and the number of Medicaid days for the facilities that met the PM improvement target (see Table 7). By allowing unearned attainment funds to rollover into an improvement pool for a specific measure, the program can ensure that all funding available for a PM is dispersed based on NF performance, whether that performance be based on attainment and/or improvement. In most circumstances, facilities are eligible to earn funds for both attainment and improvement.

DMAS estimates that attainment awards will constitute approximately 75% of the total NF VBP program performance-based funding and improvement awards will constitute the remaining 25%. To determine the level of improvement payments, the program will take the total available improvement pool funds for a particular measure and divide this amount by the number total Medicaid days for the NFs that meet the improvement threshold. Therefore, facilities earning an improvement payment for a particular measure will all receive a uniform per diem award. The exact size of this award will vary based on: 1) the size of the improvement pool and 2) the number of Medicaid days for NFs that meet the improvement target for any given measure. See Exhibit I for a breakdown of this formula.

For staffing measures, NFs cannot earn an improvement payment if their previous performance was already within the Best performance tier (i.e. NFs cannot earn improvement funds for improvement *within* the Best tier). NFs may continue to increase staffing efforts within the Best tier if determined necessary by the NF to achieve attainment or improvement on other PMs or as an operational decision. For all avoidance of negative care event PMs, NFs are eligible for improvement awards regardless of their previous or current tier.

**Table 7: SFY 2023 NF VBP Performance Measure Improvement Thresholds**

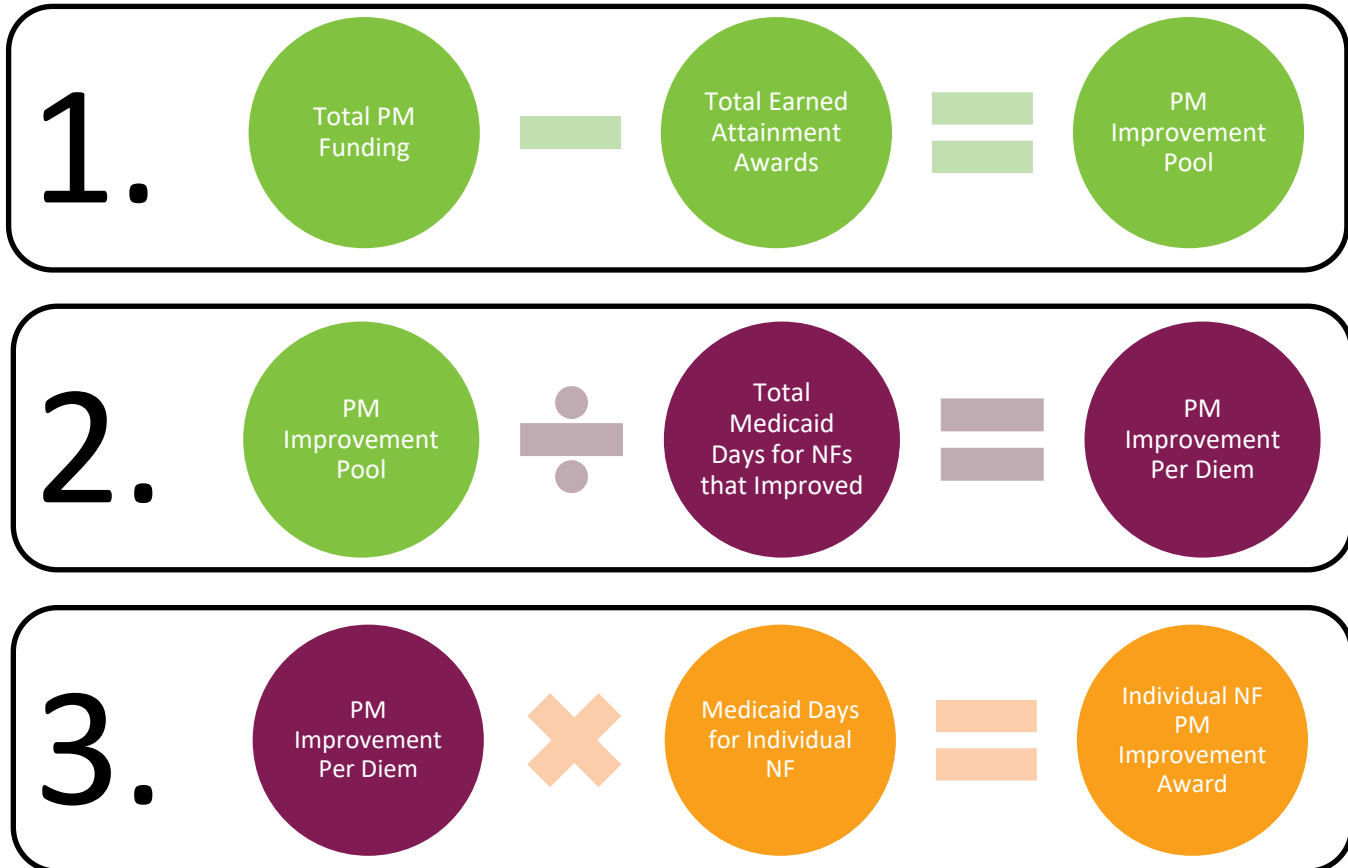
Domain	NF VBP Quality Measure	Improvement
<b>Staffing</b>	Days without Minimum RN Hours	≥5%; Up to the <b>Best</b> tier*.
	Total Nurse Staffing Hours per Resident Day (RN, LPN, CNA) – case-mix adjusted	≥0.5%; Up to the <b>Best</b> tier*.
<b>Avoidance of Negative Care Events</b>	Number of hospitalizations per 1,000 long-stay resident days	Improvement of ≥5%
	Number of outpatient ED visits per 1,000 long-stay resident days	Improvement of ≥5%
	Percentage of long-stay High-Risk Residents with Pressure Ulcers	Improvement of ≥5%

# SFY 2023 NF VBP Program Methodology

Domain	NF VBP Quality Measure	Improvement
	Percentage of long-stay Resident with a Urinary Tract Infection (UTI)	Improvement of $\geq 5\%$

*\*NF can earn improvement when they move into a higher tier than previously held.*

## Exhibit I: Formula for Improvement Award for each NF Meeting PM Improvement Targets



### Quality of Care Investment Payments

For SFY 2023, the QCI payments are 50% of the total available NF VBP funding (\$46.25 million). As outlined in the Budget language, every eligible facility in the NF VBP program will receive QCI payments proportional to the number of eligible Medicaid days for that facility “to be invested in functions, staffing and other efforts necessary to build their capacity to enhance the quality of care furnished to Medicaid members”. To determine QCI payment levels, DMAS will use the count of eligible Medicaid days calculated during the assigned performance period divided by the funding available for the QCI portion of the NF VBP program. QCI payments will be made as an annual lump sum. DMAS reserves the right to request information from participating NFs on how they have generally spent QCI funds to achieve the stated goal of building capacity to enhance the quality of care furnished to Medicaid members.

## VBP Program Payment Distributions

### Payment Responsibility

To limit administrative burden and support transparency of total payments, each participating NF will receive their NF VBP payments from a single entity. For NFs that do not participate in Medicaid managed care, DMAS will be responsible for such payments. For NFs that do participate in Medicaid managed care, participating managed care plans will be responsible for making this payment in accordance with the timing and size of payment directed by DMAS.

As each NF may serve members from multiple managed care plans, DMAS will review available data to attribute each eligible facility to a single managed care plan. The NF to MCO attribution will be available to all eligible NFs prior to any NF VBP payments for the program year.

### Payment Timing

The Total NF VBP payments earned –performance attainment, performance improvement, and QCI— will be paid in three lump sums throughout the year. This timeline addresses limitations presented by three significant requirements in implementing the program:

1. Per CMS requirements, the performance evaluation period must overlap with the rate year (SFY).
2. All funds allocated for the SFY must be distributed within that SFY.
3. PM and QCI data are available at differing intervals and require certain run-out periods.

Table 8 shows the data collection period, data reporting month, and anticipated payment month for each portion of NF VBP payments. This schedule anticipates that eligible NFs will receive lump sum payments associated with the program components in Table 8 in December 2022, February 2023, and May 2023 in the first program year.

**Table 8: NF VBP SFY 2023 Payment Timing**

	Performance Measure	Data Collection Period	Data Reported	Payment Month
	Quality of Care Investment	August 2021 – July 2022	November 2022	December 2022
Performance Measures	Days without Minimum RN hours	October 2021 – September 2022	January 2023	February 2023
	Total Nurse Staffing Hours per Resident Day (RN, LPN, CNA) – case-mix adjusted			
	Percentage of long-stay High-Risk Residents with Pressure Ulcers			
	Percentage of long-stay Resident with a Urinary Tract Infection (UTI)		April 2023	May 2023
	Number of hospitalizations per 1,000 long-stay resident days			
	Number of outpatient ED visits per 1,000 long-stay resident days			

## DMAS Consideration of Final Results

The full amount of NF VBP program funding will be distributed to eligible NFs based on the criteria established above. As actual data for the performance period is not known in advance, DMAS reserves the right to review the results and adjust criteria as necessary to equitably and completely distribute available funding. No payments will be made that exceed the available funding for the program in total. DMAS will provide notice of any such changes to program criteria prior to finalizing payments.

DMAS will make all final determinations with regards to payments under the NF VBP program, including, but not limited to, determinations of any features pertaining to QCI, PM attainment, and PM improvement, as well as any underlying data used to determine such payments. DMAS will work with stakeholders to address any disagreements in determinations on these points, but in the event that DMAS and the stakeholder are unable to come to agreement, DMAS decisions are final and not subject to appeal.



# SFY 2023 NF VBP Program Methodology

## Appendix: Combined Specification Sheet for SFY 2023

NF VBP Performance Measure	PM Weight	VBP Weight	SFY 2023 Funding	Fair		Better		Best		Improvement
				Threshold	Per Diem Award	Threshold	Per Diem Award	Threshold	Per Diem Award	Threshold
Quality of Care Investment	N/A	50%	\$46.75M	Threshold	Per Diem Award	Threshold	Per Diem Award	Threshold	Per Diem Award	Threshold
Performance (Attainment and Improvement)	100%	50%	\$46.75M							
Days without Minimum RN Hours	20%	10%	\$9.35M	13.00 – 16.00	\$1.05	5.00 – 12.00	\$1.58	0.00 – 4.00	\$2.10	≥5%; Up to the <b>Best</b> tier*.
Total nursing hours per resident day (RN + LPN + CNA) – case-mix adjusted	20%	10%	\$9.35M	3.08 – 3.19	\$1.05	3.20 – 3.30	\$1.58	3.31+	\$2.10	≥0.5%; Up to the <b>Best</b> tier*.
Number of hospitalizations per 1,000 long-stay resident days	15%	7.5%	\$7.01M	1.36 – 1.75	\$0.80	1.00 – 1.35	\$1.20	0 – 0.99	\$1.60	≥5%
Number of outpatient ED visits per 1,000 long-stay resident days	15%	7.5%	\$7.01M	0.64 – 0.95	\$0.80	0.39 – 0.63	\$1.20	0 – 0.38	\$1.60	≥5%
Percentage of long-stay High risk long-stay residents with pressure ulcers	15%	7.5%	\$7.01M	8.06 – 10.92	\$0.80	5.43 – 8.05	\$1.20	0 – 5.42	\$1.60	≥5%
Percentage of long-stay residents with a UTI	15%	7.5%	\$7.01M	2.39 – 4.36	\$0.80	1.31 – 2.38	\$1.20	0 – 1.30	\$1.60	≥5%
<b>Total NF VBP Program</b>	<b>N/A</b>	<b>100%</b>	<b>\$93.50M</b>							

\*NF can earn improvement when they move into a higher tier than previously held.

# SFY 2023 NF VBP Program Methodology

## Appendix: Example of Facility Level NF VBP Attainment and Improvement Payment Calculations

The table below demonstrates an example of a NF VBP performance payment calculation. In this example, the facility earned attainment funds for 5 measures and improvement funds in 4 measures. The facility was in the Best tier in both the PM result and PM baseline for the Days without 8 RN hours PM, thus the facility did not earn an improvement award. The facility's hospitalization improved, but the improvement was below the improvement threshold. Although the facility did not meet attainment for the urinary tract infection, the facility earned improvement funds.

Performance Measure	Performance Attainment					Improvement					Total Performance Payment
	PM Result	Tier	Per Diem	Medicaid Days	Attainment Total	PM Baseline	Tier	Met Improvement Threshold	Per Diem*	Improvement Total	
Days without Minimum RN Hours	0	Best	\$2.25	9,000	<b>\$ 20,250.0</b>	1	Best	n/a	n/a	n/a	<b>\$20,250.00</b>
Total Nurse Staffing Hours per resident day (RN, LPN, CNA) – case-mix adjusted	3.20	Better	\$1.69	9,000	<b>\$ 15,210.00</b>	3.18	Fair	Yes	\$1.07	<b>\$9,360.00</b>	<b>\$24,840.00</b>
Number of hospitalizations per 1,000 long-stay resident days	1.20	Better	\$1.31	9,000	<b>\$ 11,790.00</b>	1.22	Better	No	n/a	n/a	<b>\$16,290.00</b>
Number of outpatient ED visits per 1,000 long-stay resident days	0.20	Best	\$1.75	9,000	<b>\$ 15,750.00</b>	0.21	Best	Yes	\$0.33	<b>\$2,970.00</b>	<b>\$18,720.00</b>
Percentage of long-stay High-Risk Residents with Pressure Ulcers	6.50	Better	\$1.31	9,000	<b>\$ 11,790.00</b>	6.9	Better	Yes	\$0.56	<b>\$5,040.00</b>	<b>\$16,830.00</b>
Percentage of long-stay Resident with a Urinary Tract Infection (UTI)	5.00	Below	0	9,000	<b>\$ -</b>	5.3	Below	Yes	\$0.27	<b>\$2,430.00</b>	<b>\$2,430.00</b>
											<b>\$94,860.00</b>

\*Per Diem amount for improvement is mock data and does not represent actual per diem amounts. Exact improvement per diem amounts are contingent on pool availability based on attainment and the number of Medicaid days from facilities that met improvement thresholds.